

**AMENDMENT OF THE RIGHT-OF-WAY LEASE
FOR THE
KUPARUK PIPELINE EXTENSION
ADL 409027**

This Amendment of the RIGHT-OF-WAY LEASE FOR THE KUPARUK PIPELINE EXTENSION, ADL 409027, which was originally recorded in the Barrow Recording District on May 4, 1983, in Book 36, Pages 70-123, is hereinafter referred to as AMENDMENT. This AMENDMENT is made and entered into and becomes effective this 8th day of January, 2008, by and between the STATE OF ALASKA located at 411 West 4th Avenue, Suite 2C, Anchorage, Alaska 99501, acting through the Commissioner of Natural Resources, hereinafter referred to as COMMISSIONER, and Kuparuk Transportation Company whose mailing address is P.O. Box 100360, Anchorage, Alaska 99510-0360, hereinafter referred to as LESSEE.

WHEREAS, the LESSEE has applied to amend the existing Right-of-Way Lease, ADL 409027, pursuant to the provisions of the Right-of-Way Leasing Act (Alaska Statutes 38.35), to replace the existing 12-inch diameter pipeline with an 18-inch diameter pipeline between Central Processing Facility (CPF) No. 2 (CPF-2) and Drill Site 2Z; and to construct pig launcher and receiver facilities on state lands adjacent to the existing Kuparuk Pipeline Extension Right-of-Way Lease and Alaska State Land Survey No. 87-15 (ASLS 870015).

WHEREAS, the pipeline replacement project with 18-inch diameter pipe will be conducted within the existing Kuparuk Pipeline Extension Right-of-Way for approximately 4.15 miles, within Sections 11, 14, 15, 16, and 21, within Township 11 North, Range 9 East, Umiat Meridian. The pipeline replacement project will not require permanent additional acreage. By standardizing the pipe diameter and constructing the pig launcher and receiver, the Kuparuk Pipeline Extension will have maintenance and smart pigging capability over the entire pipeline (approximately 9 miles).

NOW THEREFORE, the COMMISSIONER and LESSEE agree to amend the RIGHT-OF-WAY FOR THE KUPARUK PIPELINE EXTENSION, ADL 409027, to include the lands within the Barrow Recording District described below:

The pig launcher area is proposed at CPF-2 and will extend west approximately 19 feet beyond the existing Kuparuk Pipeline Extension Right-of-Way, within Section 21, Township 11 North, Range 9 East, Umiat Meridian, encompassing 0.016 acres, more or less. The pig receiver area is proposed at CPF-1 and will extend north approximately 41 feet beyond the existing Kuparuk Pipeline Extension Right-of-Way within Section 9,


Township 11 North, Range 10 East, Umiat Meridian, encompassing 0.0275 acres, more or less. The total acreage proposed for the pig launcher and receiver sites encompasses 0.0435 acres, more or less.

The lands described above are incorporated into and made a part of the RIGHT-OF-WAY LEASE FOR THE KUPARUK PIPELINE EXTENSION, ADL 409027. Following construction activities, as described in Section 1.e. of the RIGHT-OF-WAY LEASE FOR THE KUPARUK PIPELINE EXTENSION, ADL 409027, Kuparuk Transportation Company is required to submit surveys for the Commissioner's approval. The surveys will describe the lands added to the Kuparuk Pipeline Extension Right-of-Way where the pig launcher and receiver modules are located. Upon the Commissioner's approval of the surveys, the final legal description of the RIGHT-OF-WAY LEASE FOR THE KUPARUK PIPELINE EXTENSION, ADL 409027, as amended, will be depicted in the surveys.

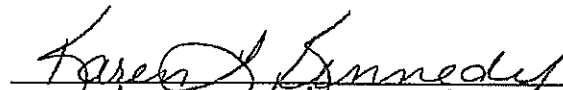
IN WITNESS WHEREOF, the COMMISSIONER AND LESSEE have affixed their signatures to duplicate originals of this AMENDMENT on or before the date first above written.

STATE OF ALASKA

LESSEE



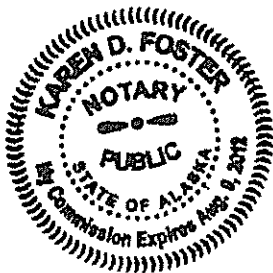
Thomas E. Irwin
Commissioner
Department of Natural Resources


By: Karen L. Kennedy
Title: Manager, Eng. Ops
Kuparuk Transportation Company

STATE OF ALASKA)
) SS.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on the 7th day of January, 2008, before ^{9 KOP} me, personally appeared Karen L. Kennedy, who stated that he/she executed the foregoing document as an authorized representative of the Kuparuk Transportation Company.

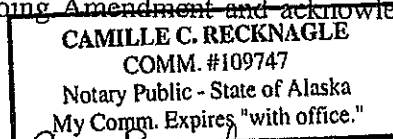
IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.



Karen D. Foster
Notary Public in and for the State of Alaska
My Commission expires August 9, 2012

STATE OF ALASKA)
) SS.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on the 8th day of January, 2008, before me, personally appeared Thomas E. Irwin, the Commissioner of the Department of Natural Resources of the State of Alaska, who executed the foregoing ~~Amendment and acknowledged~~ voluntarily signing the same.



Camille C. Recknagle
Notary Public in and for the State of Alaska
My Commission expires "with office"

DEPARTMENT OF NATURAL RESOURCES
STATE PIPELINE COORDINATOR'S OFFICE (SPCO)

COMMISSIONER'S DECISION
AMENDMENT OF THE RIGHT-OF-WAY LEASE FOR THE
KUPARUK PIPELINE EXTENSION

ADL 409027

This decision is intended to complement and update the Analysis of Amendment Application and Proposed Decision for the Kuparuk Pipeline Extension, ADL 409027, signed by the State Pipeline Coordinator on November 20, 2008.

Requested Action: Kuparuk Transportation Company (KTC) proposes to amend the Right-of-Way Lease for the Kuparuk Pipeline Extension, ADL 409027, in the Kuparuk River Unit on the North Slope. KTC proposes to replace the existing 12-inch diameter pipeline with an 18-inch diameter pipeline between Central Processing Facility (CPF) No. 2 (CPF-2) and Drill Site 2Z; and to construct pig launcher and receiver facilities on state lands adjacent to the existing Kuparuk Pipeline Extension Right-of-Way Lease and Alaska State Land Survey No. 87-15 (ASLS 870015).

The pipeline replacement project with 18-inch diameter pipe will be conducted within the existing Kuparuk Pipeline Extension Right-of-Way for approximately 4.15 miles, within Sections 11, 14, 15, 16, and 21, within Township 11 North, Range 9 East, Umiat Meridian. The pig launcher area is proposed at CPF-2 and will extend west approximately 19 feet beyond the existing Kuparuk Pipeline Extension Right-of-Way, within Section 21, Township 11 North, Range 9 East, Umiat Meridian, encompassing 0.016 acres, more or less. The pig receiver area is proposed at CPF-1 and will extend north approximately 41 feet beyond the existing Kuparuk Pipeline Extension Right-of-Way within Section 9, Township 11 North, Range 10 East, Umiat Meridian, encompassing 0.0275 acres, more or less.

The pipeline replacement project will not require permanent additional acreage. The total acreage proposed for the pig launcher and receiver sites encompasses 0.0435 acres, more or less. Following construction activities, as described in Section 1.e. of the Lease, surveys will be required to describe the lands added to the Kuparuk Pipeline Extension Right-of-Way where the pig launcher and receiver modules will be located.

Legal Authority: AS 38.35.015 and the Right-of-Way Lease for the Kuparuk Pipeline Extension, ADL 409027, are the authorities for this decision.

Administrative Record: The Right-of-Way Lease for the Kuparuk Pipeline Extension, ADL 409027, and the associated casefile constitute the administrative record used in making this decision. The Commissioner has the authority to make this decision and execute the amendment to the Right-of-Way Lease for the Kuparuk Pipeline Extension, ADL 409027.

Public/Agency Notice: The Public Notice of the Analysis & Proposed Decision was given by advertisement in the Anchorage Daily News, Fairbanks Daily News Miner, and the Arctic Sounder on November 20, 2008.

A copy of the Analysis & Proposed Decision and Public Notice was provided to the DNR Commissioner's Office, Lessee, and the following coordinate agencies: Alaska Department of Environmental Conservation; Department of Labor and Workforce Development; Department of Transportation and Public Facilities; and the Regulatory Commission of Alaska.

Copies of the Analysis & Proposed Decision and Public Notice were also sent to the North Slope Borough; DNR, Division of Mining, Land & Water/Northern Regional Office; Bureau of Land Management at the Joint Pipeline Office; U.S. Department of Transportation; DNR, Division of Coastal and Ocean Management; and Alaska Department of Fish and Game, Fairbanks Office.

Copies of the Public Notice were sent for posting in the Bettles Field, Coldfoot, Fairbanks (Main Branch) and Prudhoe Bay Post Offices. The third-party interests identified in the Analysis and Proposed Decision were notified during the public notice period for this proposed decision. The Public Notice was also posted on the State of Alaska and Department of Natural Resources On-Line Public Notice Web Pages.

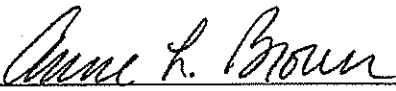
The public comment period ended on December 19, 2008, at 4:30 PM. The public/agency notice offered interest parties the opportunity to comment, object or express interest pertaining to the proposed action. The SPCO received no comments in response to Analysis & Proposed Decision.

Findings: No information has come forth that requires any change to the Analysis of Amendment Application and Proposed Decision issued November 20, 2008. The Analysis of Amendment Application and Proposed Decision determined that the proposed amendment is consistent with the existing lease, that it does not represent a substantial change in the right-of-way lease; and that it is in the best interest of the State to execute the amendment.


The terms, conditions and stipulations contained in the Right-of-Way Lease, ADL 409027, adequately address and protect the State's interest, therefore:

- An amendment must be made to Section 1.c. of the Right-of-Way Lease for the Kuparuk Pipeline Extension, ADL 409027, to reflect that the entire Kuparuk Pipeline Extension will have 18-inch diameter pipe.
- Pursuant to Section 1.e. of the Right-of-Way Lease for the Kuparuk Pipeline Extension, ADL 409027, the Lessee must request survey instructions and survey the additional lands after construction. The surveys must be reviewed and approved by the Commissioner.

Decision: The findings presented above have been reviewed and considered. The case file has been found complete and the requirements of all applicable statutes have been satisfied. It is the final decision of the Commissioner that it is in the best interest of the State of Alaska to approve this action under the authority of AS 38.35.015 subject to the terms, conditions and stipulations of the Right-of-Way Lease for the Kuparuk Pipeline Extension, ADL 409027, between the State of Alaska and Kuparuk Transportation Company.


for Frederick M. Thompson
State Pipeline Coordinator

1.8.09
Date


Thomas E. Irwin
Commissioner
Department of Natural Resources

1/8/09
Date